



Josh Knight <josh@farmdirection.com>

GOOD MORNING: the Van Trump Report 2-11-20

1 message

The Van Trump Report <reply@vantrumpreport-email.com>

Tue, Feb 11, 2020 at 5:30 AM

Reply-To: Jordan <reply-feb81077726c0175-1142_HTML-68584704-100003450-8@vantrumpreport-email.com>

To: josh@farmdirection.com



"A successful marriage requires falling in love many times, always with the same person." – **Mignon McLaughlin**

Tuesday, February 11, 2020[Printable Copy](#) or [Audio Version](#)

Morning Summary: Stock bulls will once again be trying to push the markets to fresh all-time highs. The S&P 500 and Nasdaq both posted new all-time record closing highs yesterday. Traders are monitoring several areas that risk falling victim to the virus's global creep, top among them being overall oil demand and supply chain disruptions. China's widespread lockdowns across several cities and travel restrictions implemented by China and other countries has severely dented oil demand. Chinese energy executives recently told the Financial Times that the country's oil demand in February could be as much as -25% lower than last year, which works out to about 3% of total global consumption. The country may need to cut crude imports by as much as -1.1 million barrels a day on average over the next four months, according to IHS Markit Ltd. With oil prices down more than -15% so far this year, oil bulls have been hoping OPEC would step in with additional production cuts. The group's advisory board issued a recommendation to extend current production cuts of -600,000 barrels per day through the end of

2020. The group also recommended an additional -600,000 barrels per day production cut that would last until the end of the second quarter. However, Russia remains uncommitted to the plan, saying more time is needed to understand the full impact of the virus outbreak. OPEC is scheduled to meet in early-March, though some traders are still hoping that will be moved up. The global economy is also at risk due to disruptions from factory closures in China which has the potential to cause a worldwide shortage of popular goods ranging from iPhones to cars to pharmaceuticals. The country was expected to reopen factories this week after extending the Lunar New Year holiday but some cities and provinces have told companies not to resume work until next week and a few have even extended that to March 1. For the factories that do reopen this week and even next, many are expected to face personnel shortages due to quarantine restrictions. Investors here at home today will be listening closely to Fed Chair Jerome Powell as he presents his semiannual testimony before the House. Powell will present to the Senate tomorrow. Most expect an overall upbeat report on the U.S. economy, while lawmakers are likely to question Powell over the coronavirus outbreak and its impact on global growth. The U.S. central bank went from raising interest rates four times in 2018 to doing the opposite in 2019. The Fed cut rates three times last year before signaling policy will remain on hold indefinitely. Some investors believe the virus situation could change that plan and would like to see signs that the Federal Reserve is willing to step in if the economic fallout threatens the U.S. economy. There are also several other Fed officials scheduled to speak today. Earnings are also still a main focal point with today's key results coming from Dominion Energy, Goodyear Tire, Hasbro, Hilton Worldwide, Lyft, Nissan, and Under Armour. Today's economic data is very light with just Job Openings and Labor Turnover (JOLTS) and the NFIB Small Business Optimism Index. On the political front, New Hampshire holds the country's first primary today, which follows the botched caucuses in Iowa last week. Bernie Sanders, who is one of Wall Street's least favorite options among the Democrats, is narrowly leading Pete Buttigieg in the most recent polls.

Coronavirus Update: *The first death was reported in China on January 11. By January 24 the World Health Organization (WHO) said there had been 25 deaths in China from the virus. Fast forward 18 days and there are now over +1,000 deaths and close to 45,000 infected. There have been reports circulating that the spread of the virus is slowing inside China, but other headlines are saying that drop is only because of changes that have recently been made in criteria for how cases are reported.*

China's Businesses Struggle to Get Back to Work: *Business was slow to restart in China on Monday, even after some local governments stopped calling for people to stay away from the workplace during the coronavirus outbreak. The quarantine of nearly 60 million people in Wuhan and the surrounding Hubei province, the center of the epidemic, means that workers who visited family there over the recent Lunar New Year holiday can't get back to their jobs. On top of that, many companies continued to encourage people to continue working from home, even after Shanghai and Beijing officially ended their stay-away-from-the-workplace policy at midnight Sunday. These conditions have created a ghost-town ambience across China, where closed and short-staffed*

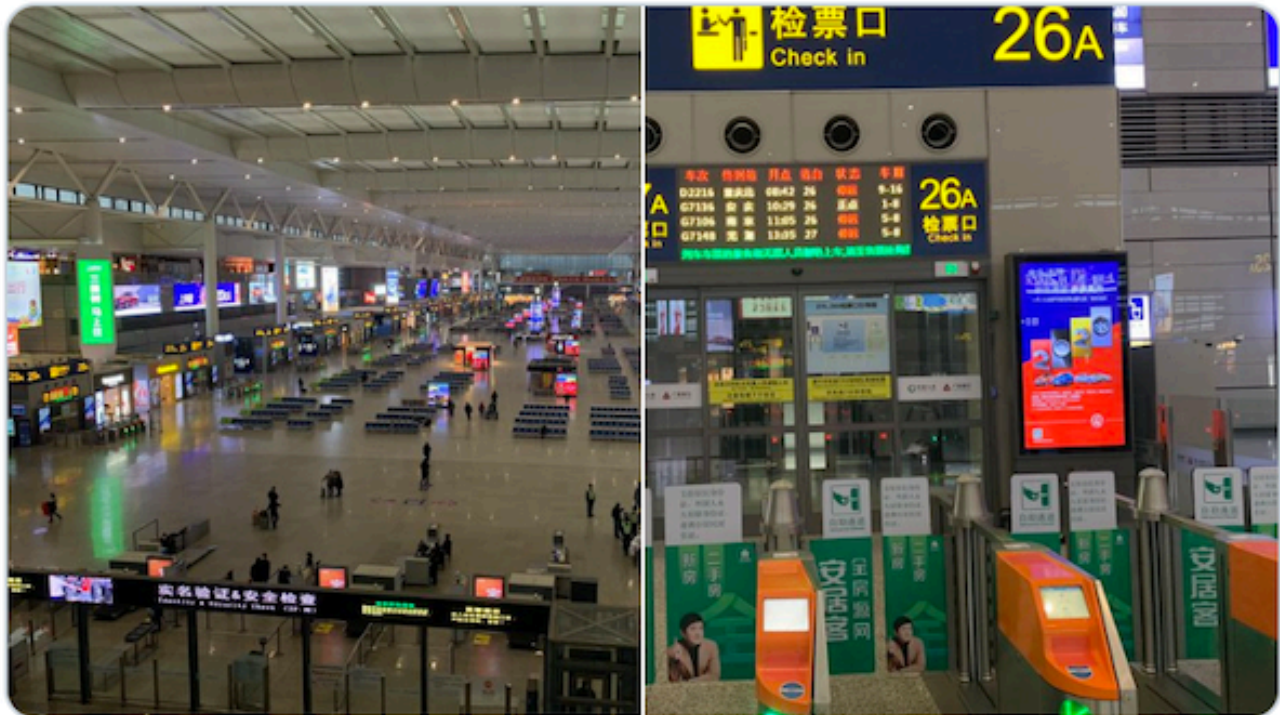
businesses have hammered the economy. S&P Global Ratings said Friday that it had lowered its estimate for China's 2020 gross domestic product growth to 5% from 5.7%. Accounting for nearly 30% of China's gross domestic product is the manufacturing sector. Many factories closed for the Lunar New Year holiday in late January and were set to reopen Monday, only to find a lack of workers and disrupted supply chains. Reuters reported that Foxconn - which makes the bulk of Apples iPhones, had reopened factories with staffing levels at around 10% of normal, while Bloomberg reported that the company had sent a message to staff on its internal app saying that it couldn't give a date for the resumption of production. Tesla's Shanghai plant reopened but there are major concerns about how long it will take to resume normal production levels. Automakers including Volkswagen AG, Toyota Motor Corp. and Honda Motor Co. have meanwhile extended shutdowns, with several of their China factories now scheduled to resume production no sooner than Feb. 17. (Sources: The Wall Street Journal, Bloomberg)



Paul Mozur 孟建国 ✓
@paulmozur



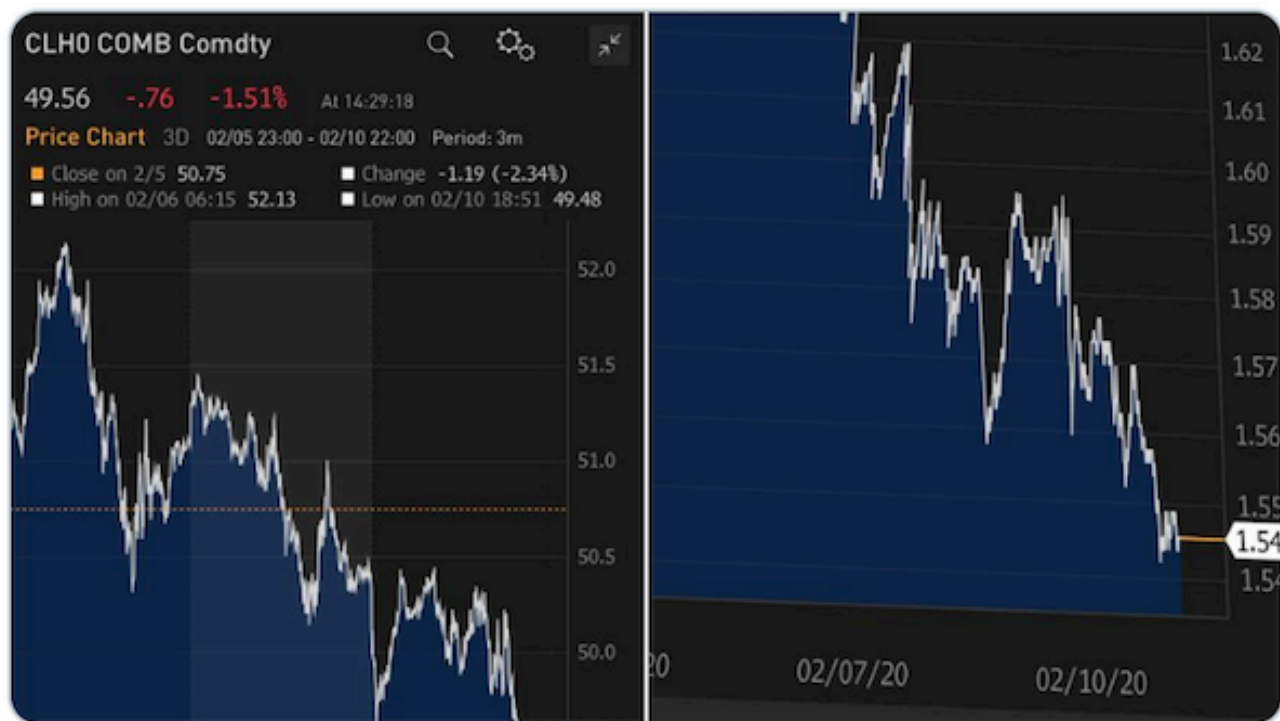
Shanghai Hongqiao station at 8am this morning. It's normally thronged. Unbelievable how life in China remains mostly at a standstill. Many trains, not just those to Wuhan, were canceled.





Mohamed A. El-Erian ✓
@elerianm

Today's fall in oil prices and bond yields--to below \$50 for WTI and to under 1.55% for 10-year US government [#bonds](#) --reflects these [#markets](#) pricing in a lower growth outlook for both [#China](#) and the global [#economy](#). And, once again, [#stocks](#) are resisting this downward pressure.



Still Keeping Eye On Natural Gas

As I wrote back on January 23rd, "This is somewhat unseasonal as most of the major lows in the natural gas market are generally not posted until March-April or even later in the calendar year during August-September. This is why some traders wonder if there's still a lot more room to the downside?" Now, three weeks later, prices are still tumbling lower and may soon break multi-decade lows. Remember, the U.S. Energy Information Administration recently reported that gas held in underground storage in the contiguous 48 states was still over +3 trillion cubic feet—a high figure for midwinter and almost +20% above the level from this time last year. At the same time, the EIA is predicting dry natural-gas production in the U.S. will rise beyond last year's record production by almost +3% in 2020. At the same time, we have the massive pressure of the coronavirus weighing on the entire energy market with hedge funds and other speculative investors the most bearish they have been on natural-gas prices since the financial crisis of 2008. Also, keep in mind, China is

the second-largest LNG importer, and recently began rejecting and or delaying liquified natural gas shipments due to continuing concerns surrounding the coronavirus. As I mentioned a few weeks back, I would like to eventually get bullish this market but I'm in no major hurry at the moment. There's a glut of supply, coronavirus headlines are still in play, the weather here in the U.S. seems mostly non-threatening, and it's tough to envision exports ramping up aggressively anytime soon. Bottom line, I've got the natural gas market on my radar and am paying very close attention but still not interested in pulling the trigger as a bull.



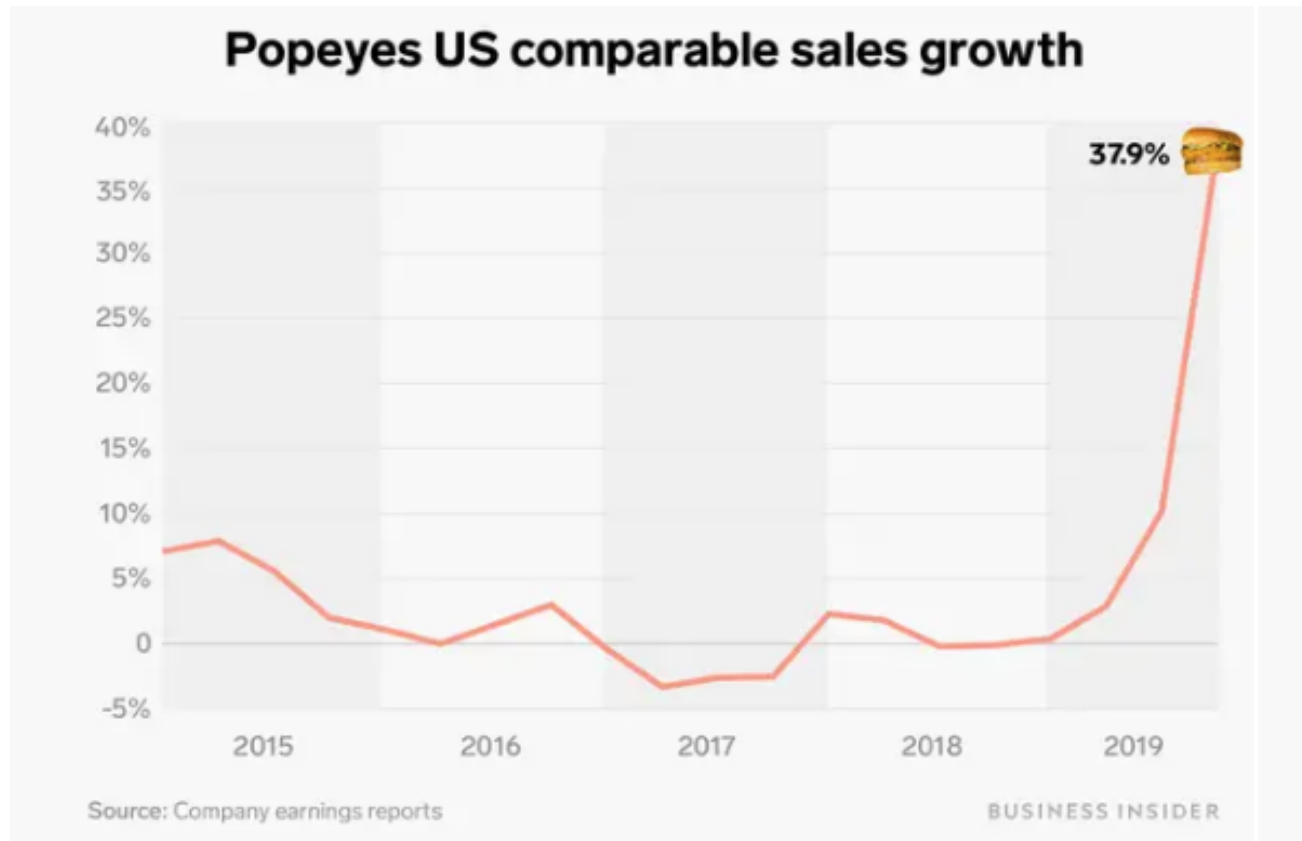
What About Fertilizer Prices?

As I mentioned above, I think Natural Gas prices could trend even lower, but I'm hesitant to think there's much more downside room in our fertilizer prices. I just worry as we head into planting season and perhaps run into some logistical restraints the "risk" is more to the upside than the gains that can be captured trying to pick the exact bottom. Remember, as producers we are trying to best manage risk and constantly weigh "risk-to-reward" ratios this is wildly different than trying to forecast price direction or highs and lows in the market.

President Trump is Considering Drug-Price Cuts: *President Donald Trump is considering executive action to cut drug prices ahead of the 2020 election. If he proceeds, Trump could force drug companies to accept lower payments from Medicare for treatments administered in doctors' offices, such as Bristol-Myers Squibb Co.'s immune-boosting Opdivo for cancer and Regeneron Pharmaceuticals Inc.'s Eylea for eye conditions.. The rule would apply to certain drugs bought by the "Part B" section of Medicare, the program for the elderly and disabled. Officials working on the plan have not yet settled on many of its details. The Trump administration first proposed the approach in 2018. Bottom line, pay attention to some of the drug and biotech stocks as we start to move towards the election. Read more details inside the [Bloomberg](#) article.*

Popeye's Chicken Sandwich Sends Sales Through the Roof: *The chicken sandwich might be the*

best thing to ever happen to Popeyes. Restaurant Brands International, which owns Tim Hortons, Burger King, and Popeyes, reported full-year and fourth-quarter results for 2019 on Monday — and Popeyes was a major highlight. The fast-food chain saw systemwide sales growth of over +42% and U.S. comparable sales growth of +37.9%. This increase represents the biggest bump in comparable US sales growth for Popeyes stores in the last five years by a long shot. Since 2015, Popeyes' U.S. comparable sales growth had been relatively consistent. And then, the chicken sandwich entered the party. The sandwich "has proven to be a game changer for the brand in every way," said Restaurant Brands International (QSR) CEO Jose Cil in a statement discussing the financial results. Because 2019 was such a good year for the brand, more US franchise operators have expressed interest in opening new restaurants, Cil noted. (Source: Business Insider, CNN)




FARM TANK

Tweets of the Day

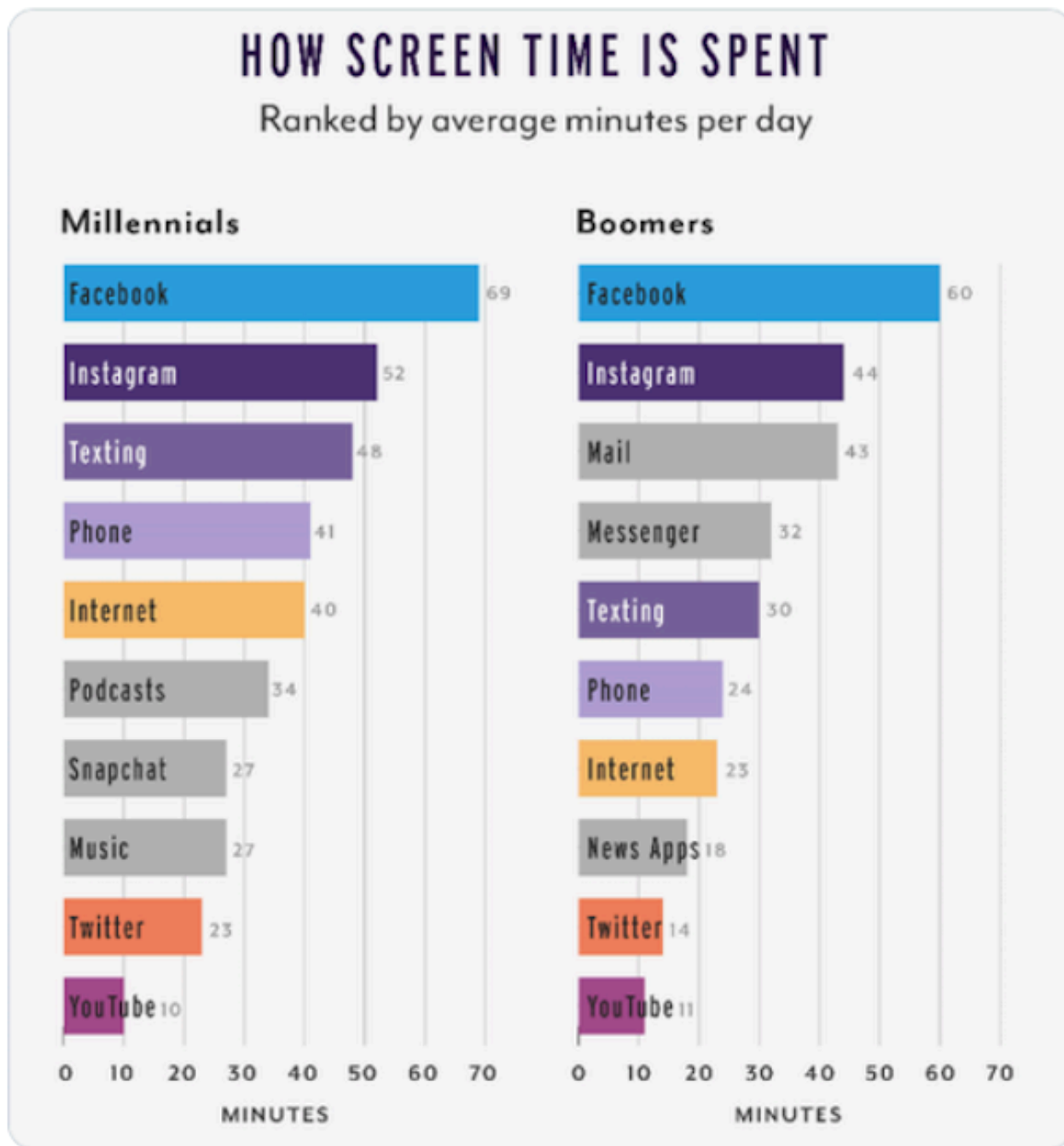




World Economic Forum 
@wef



How millennials' relationship with their phones is changing the [#economy wef.ch/2Q5ZKB9](https://www.wef.ch/2Q5ZKB9) [#technology](#)



Amber Buzzard
@TXPioneerQueen



Corn planters are rolling in Victoria, TX today!
#Plant2020





Louise 
@LouiseCarduner



Canadian Hitchhikers





Matthew Steinert
@MattNCOK



What's the saying...wheat is being planted somewhere in Oklahoma every day of the year?





Donald J. Trump ✓
@realDonaldTrump



That is a real fan. Thank you!



♥ Jason Mauck liked



Samuel Ebenkamp
@ebenkampfarms



One of my mentors said the other day, "Everyone today wants all this nice stuff, and vacations. When we first got married and had kids, if we kept all the kids healthy, bills paid, the roof on the house, and food in the freezer, we thought stuff was pretty good." [#Perspective](#)

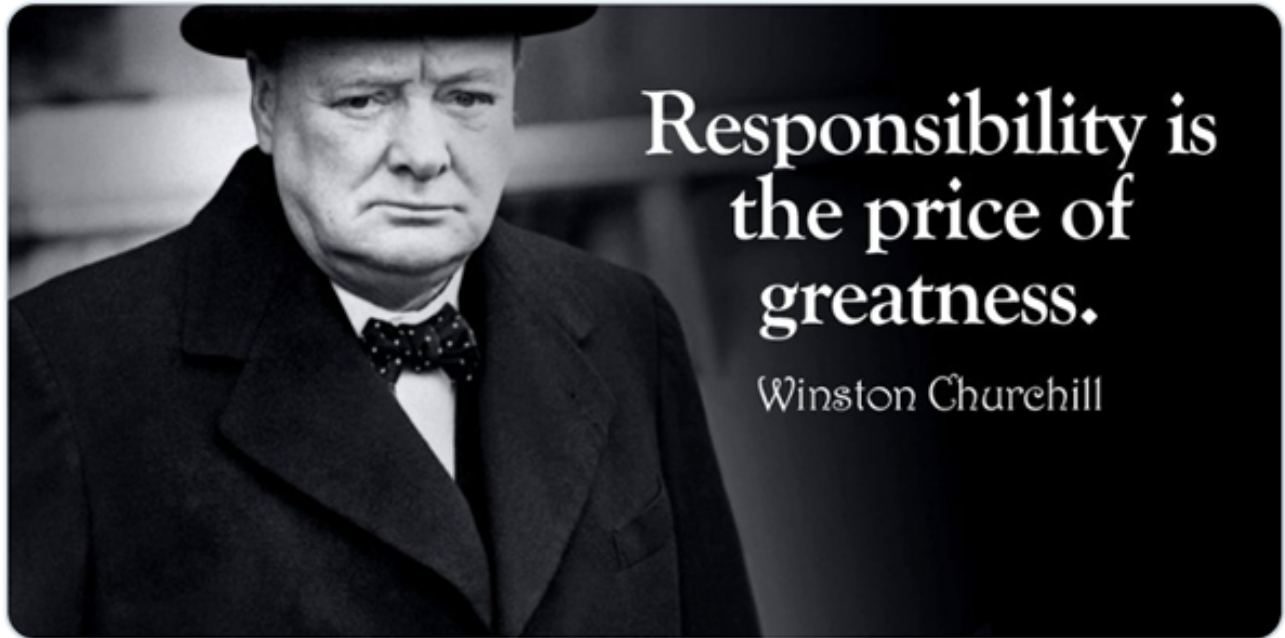




Tim Fargo ✓
@tim_fargo

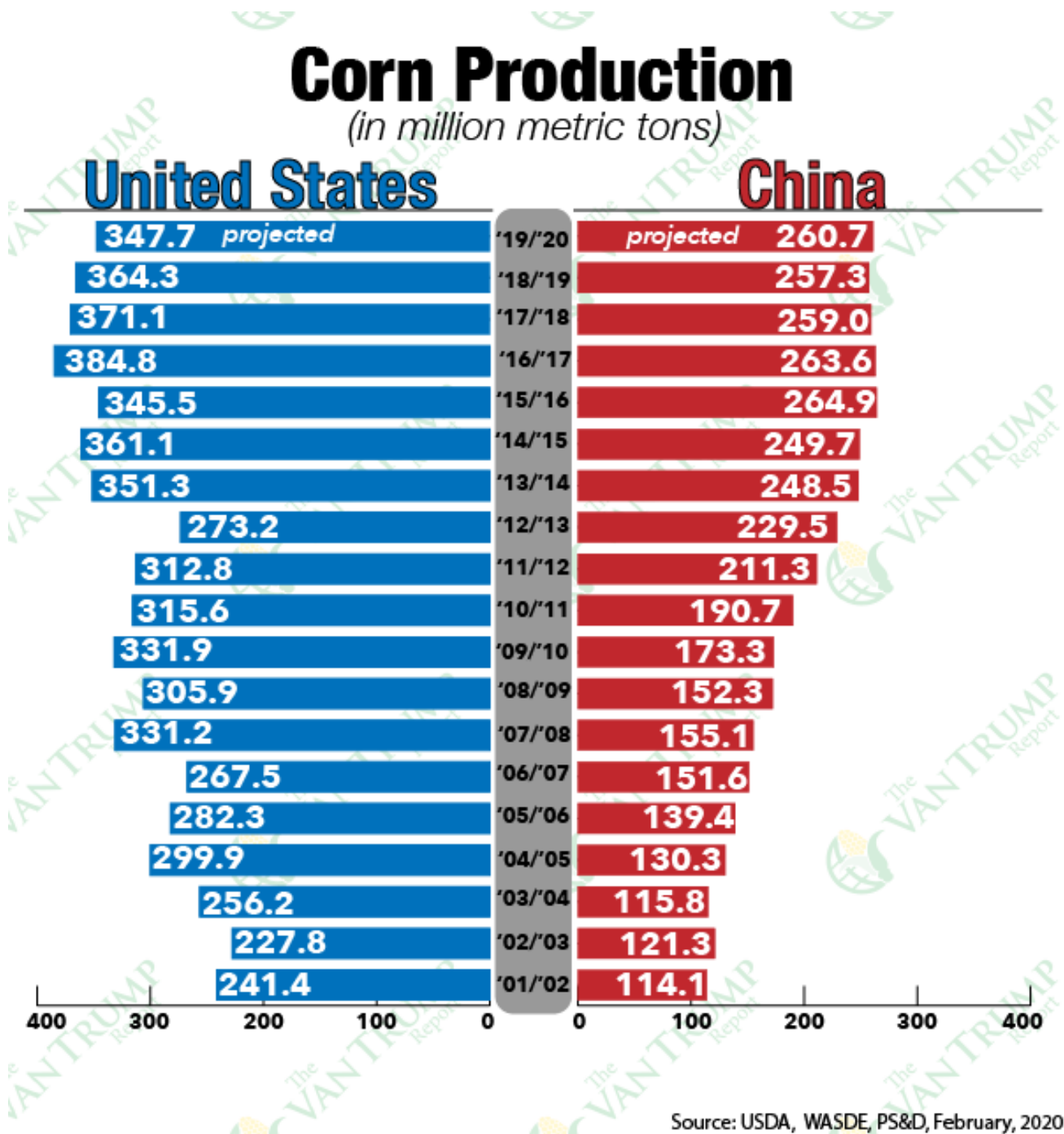


Responsibility is the price of greatness. - Winston Churchill #quote



Corn traders have all eye's on today's USDA report scheduled for release at 11:00 am CST. Most in the trade seem to be looking for a reduction in both domestic and global ending stocks. The average trade guess seems to be looking for a -25 to -50 million bushel reduction here at home. I'm quick to remind everyone that many of us have been looking for a reduction in ending stocks from the USDA for several months and we've have been wrong on several occasions. Today, the big "wild-card" could be the "Phase 1" trade deal with the Chinese and how the USDA elects to fully interpret. I've heard so many different perspectives on how this is going to be handled and I still don't feel I fully understand. I guess we will all be a bit smarter here in a few hours after the USDA releases its estimates. Technically, the MAR20 contract has been stuck in this trading range between \$3.75 and \$3.95 per bushel. As a spec, I'm still hesitant to be a big buyer, thinking we have a few more hurdles to clear with the coronavirus and next week's USDA Ag Outlook Forum where most suspect we will see talk of more U.S. corn acres and the continuation of a burdensome balance sheet. As a producer, I am keeping current hedges in place. If we happen to catch a significant bullish tailwind I will consider pricing a few more cash bushels. Don't forget, the MAR20 options expire in just 10 days on February 21 so if you are wanting more longer-

term protection you will need to make some adjustments. I've personally pushed my old-crop hedges into the JUL20 contract and all new-crop hedges into the DEC20 contract.

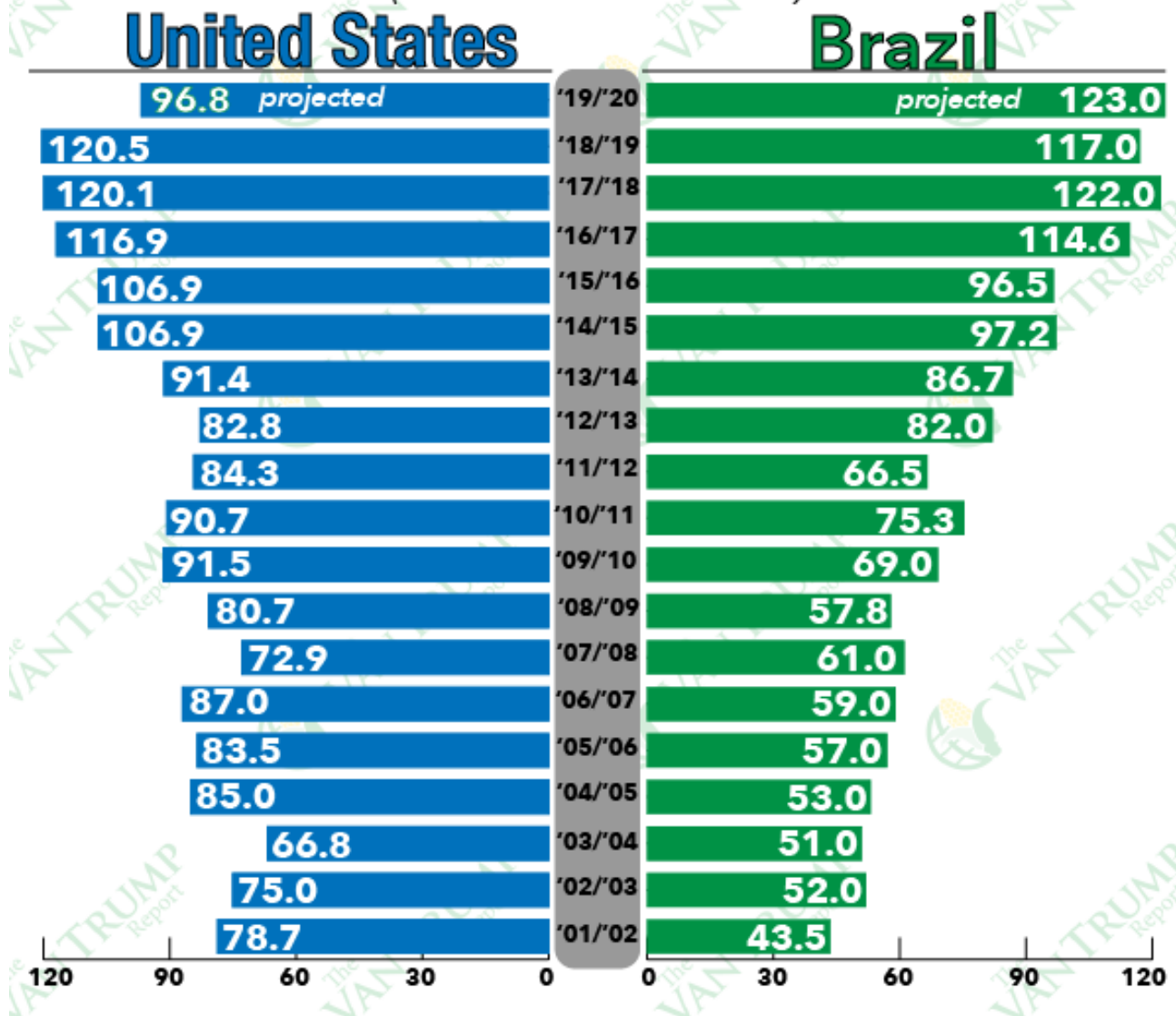


Soybean traders are eager to see how the USDA interprets the Chinese commitments for U.S. bushels. The February supply and demand report is scheduled for release today at 11:00 am CST. The trade seems to be looking for a slight reduction in U.S. domestic ending stocks but a slight increase in global ending stocks based on improved production in South America. Technically, many

traders are viewing this area 20 cents either side of \$9.00 in the MAR20 contract as the main battleground. The funds are now holding a near-record short position and would desperately like to see a close sub-\$8.80 and a retesting of last weeks low at \$8.68⁶. If the funds can make that happen on the heels of the coronavirus headlines, increasing talk of bigger crops in South America, record low in the Brazilian currency vs. the U.S. dollar, and several million more acres being planted here in the U.S. in 2020, it could set up a bearish run towards the \$8.41⁴ low posted back in mid-May. Don't forget, the MAR20 options expire in just 10 days on February 21. As a spec, I like the longer-term bullish story, especially with the funds holding a massively large short position but I continue to worry about timing. I just don't feel like the timing is right to be a longer-term bullish player in the soybean market. As a producer, I'm staying extremely patient and keeping my hedges in place thinking there will be better pricing opportunities in Q2 or Q3 of 2020.

Soybean Production

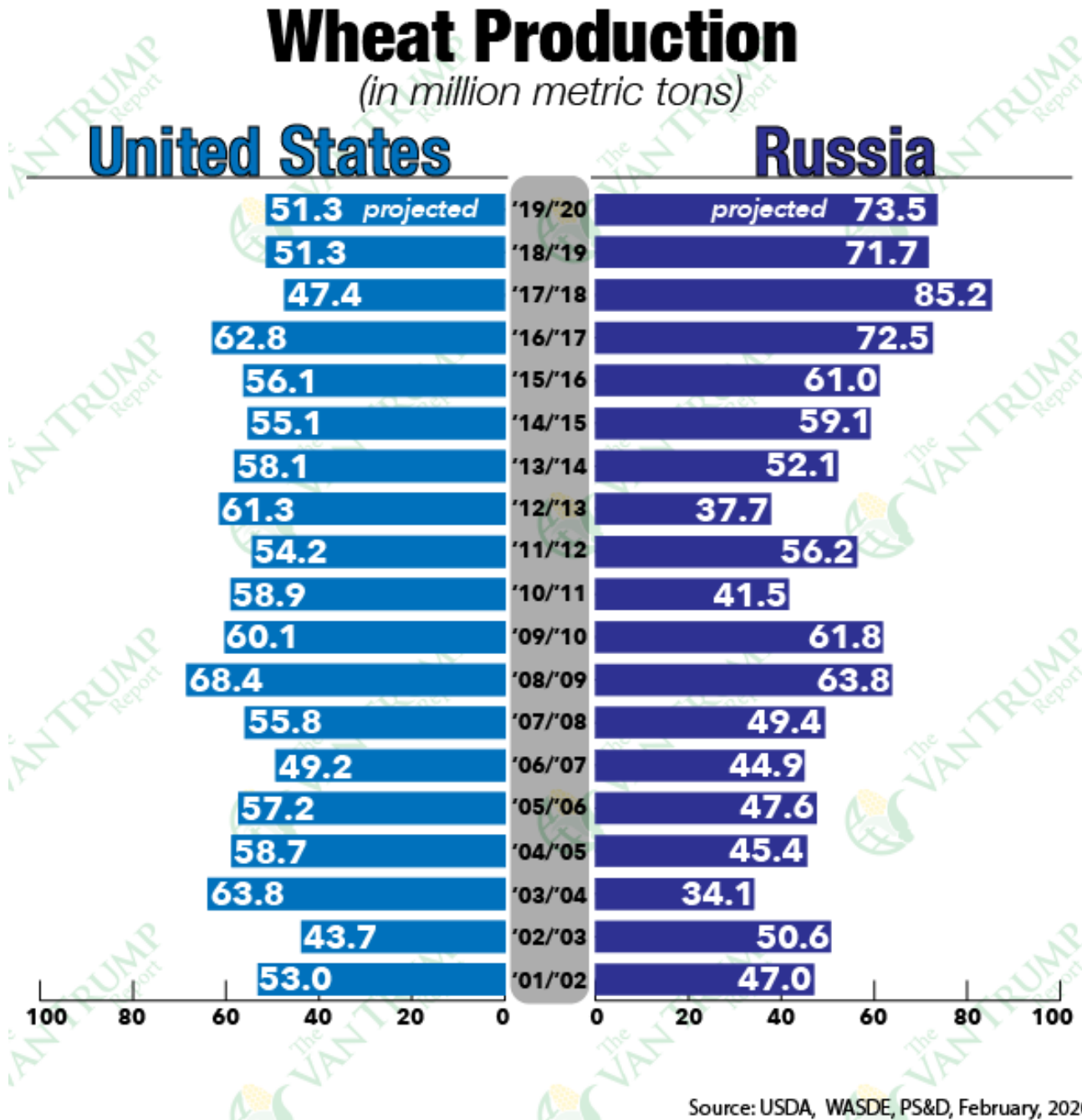
(in million metric tons)



Source: USDA, WASDE, PS&D, February, 2020

Wheat bulls will be looking for another round of confirmation from the USDA via a slight reduction in both U.S. and global ending stocks. The funds are still holding a strong bullish position in the SRW contract and would like to see some reassurance of their fundamental view. Similar to corn and soybeans, most inside the trade are extremely uncertain and curious about how the USDA is going to forecast Chinese demand? Not only do they have the "Phase 1" trade deal to consider, but also the recent fallout associated with the coronavirus, African Swine Fever, etc.. Other wheat headlines that are being heavily monitored include Russian and EU exports, U.S. weather which is currently not a factor (but there

could be some dry conditions ahead that might spark some interest), global weather which also isn't currently much of a factor, and macro headlines that could impact global economic growth and more heavily influence the larger funds. As a spec, I remain flat and on the sideline. As a producer, I've made some good sales and am now content letting some time run off the clock.



U.S. Grain Ending Stocks 2019/20

(million bushels)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Corn	???	1,841	1,667 - 1,942	1,892	2,114
Soybeans	???	448	320 - 586	475	913
Wheat	???	952	900 - 990	965	1,080

South American Production

(million metric tons)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Argentina Corn	???	49.60	47.4 - 51.0	50.00	51.00
Argentina Soybeans	???	53.10	52.0 - 54.0	53.00	55.30
Brazil Corn	???	100.60	99.0 - 101.0	101.00	101.00
Brazil Soybeans	???	123.60	121.5 - 125.0	123.00	117.00

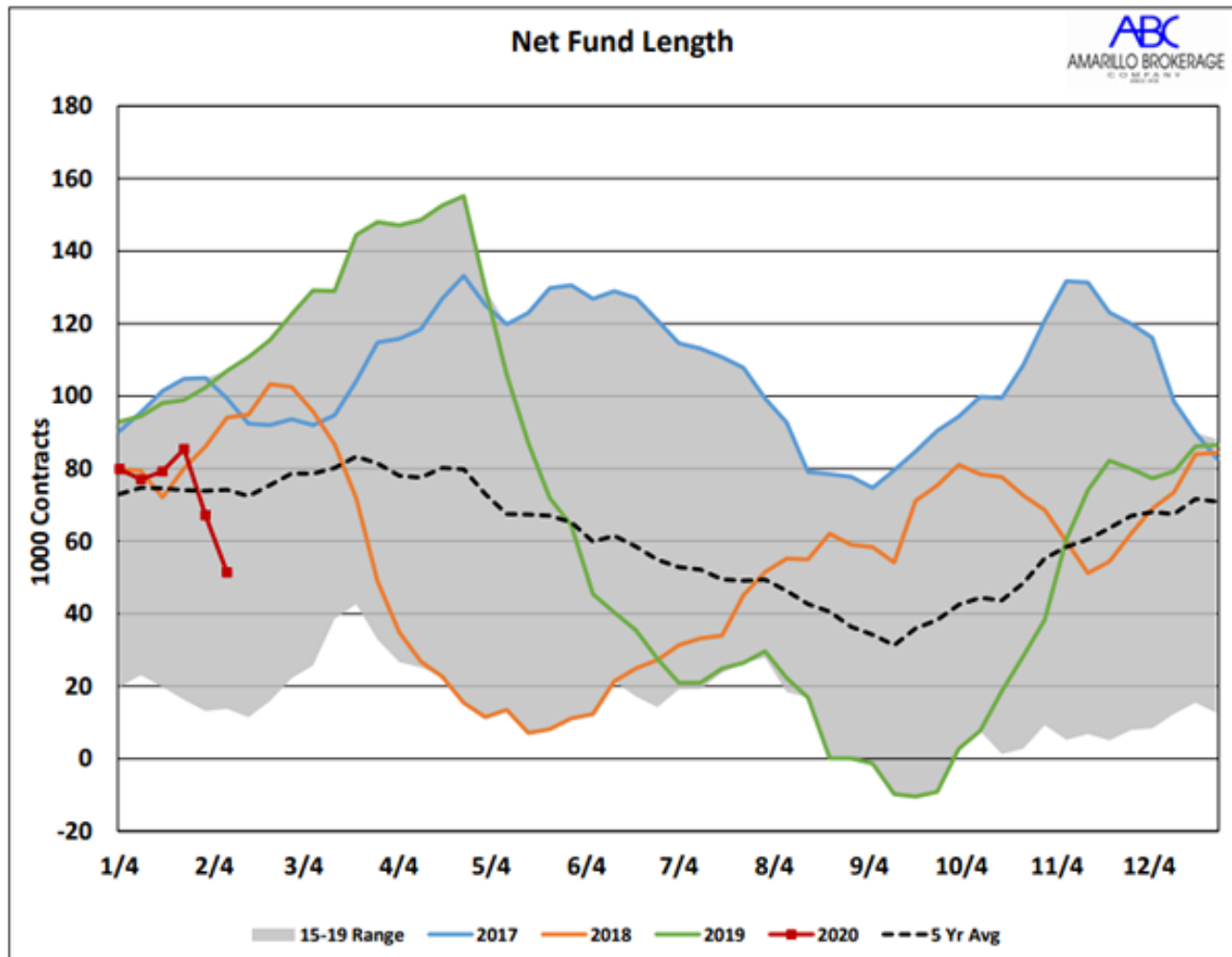
World Grain Ending Stocks 2019/20

(million metric tons)

	February #s	Avg. Trade Estimate	Range of Estimates	January Estimates	2018/19
Corn	???	297.20	292.0 - 300.0	297.80	320.40
Soybeans	???	97.40	94.20 - 102.9	96.70	110.30
Wheat	???	287.60	282.0 - 295.0	288.10	278.10

Cattle continues to trade defensive for now. Futures markets have sold off aggressively at this point while cash is slightly off recent highs. Show list numbers are much larger this week, primarily lead by NE and TX. Days are being added to cattle on feed and in the near term might increase cattle feeder leverage, but longer-term this typically reduces if not eliminates leverage. Bulls are looking for an oversold bounce at this point to fill gaps and heal up the technical setup. Additionally, positive packing margins and tighter near-term numbers could support the cash market. The southern feeding regions are forecasted to receive ice and snow today through Wednesday morning. The system is moving fast and is

not a crippling event. However, this is certainly one more potentially bullish factor to throw at a market already beat up. On the other hand, the bearish contingent is eyeing lower gaps, massive numbers of cattle on feed and lost leverage as factors to keep the market down. Moreover, the non-commercial or speculative length has been quickly moving out of the LC. The non-commercial and index traders are historically large and if we see them give up on fighting this market, several more thousand loads could be liquidated. Open interest will continue to move lower with hedgers taking the on speculative liquidation. As a result of this, we are seeing percent hedged move lower across the cattle feeding sector. Trey Warnock - [Amarillo Brokerage Company](#)





> Missouri River Flood Likelihood High as Levee Repair Drags On: *Federal officials say the spring flood outlook is higher than normal especially along the Missouri River. "It's going to be another tough year, I think, for folks," said Jud Kneuvean, emergency management chief at the U.S. Army Corps of Engineers Kansas City District. The combination of residual circumstances from last year means a greater likelihood of repeating 2019's high water events, according to Kneuvean. "We have lots of levees that are damaged, a lot of them are open, meaning they're breached and they won't be repaired prior to spring," Kneuvean told Brownfield Ag News Monday, "and then currently the outlook for flooding is above normal." Rivers are high and there's a lot of snow in the Dakotas covering saturated ground. Fixing levees damaged by 2019 flooding will take time, said Kneuvean. "This is probably a two-year effort and so we probably will not have all the levees repaired from the 2019 damages until at least the spring or summer of 2021," he said. People should be vigilant for the possibility of flooding from rain and spring thawing, said Kneuvean. Listen to the full interview over at [Brownfield Ag](#).*

> EPA Chief Sees More Fallout for Biofuel Waivers: *EPA Administrator Andrew Wheeler said Saturday that a recent federal court decision to vacate three biofuel blending exemptions under the Renewable Fuel Standard "has the potential of completely changing the small refinery program." The court struck down waivers for three refineries in Oklahoma, Utah, and Wyoming, ruling that the EPA could only extend exemptions for plants that had continuously received waivers from*

their RFS obligations. The decision was a victory for corn growers and ethanol producers who have long challenged the legality of the EPA exemptions, which they say have crushed demand for their products. The agency is now "taking a close look at the 10th Circuit decision and the ramifications to the program," Wheeler told AgWired in an interview. Listen to the full interview [HERE](#).

> Vietnam Culls Tens of Thousands of Birds to Contain H5N6 Bird Flu Outbreak: *Vietnam has so far this year culled tens of thousands of birds to contain an outbreak of highly pathogenic H5N6 bird flu detected at several farms in its northern provinces, an agriculture ministry official and state media said on Monday. Thanh Hoa province, 170 km (105 miles) south of Hanoi, has culled 23,000 birds at 10 household farms after they tested positive to the virus, Thanh Hoa newspaper reported on Monday. "We are concerned that the virus may spread further, and are trying our best to stop the outbreak," the official said. Apart from culling the birds, the authorities have also disinfected the farms and put a ban on poultry transport from the infected zones, the official said. H5N6 virus has also been detected in poultry at a farm outside Hanoi, prompting the culling of more than 2,300 birds there, Kinh Te Do Thi newspaper reported. Vietnam has a poultry herd of around 460 million. (Source: Reuters)*

> China Reports H5N6 Outbreak in Poultry Farm: *China's agriculture ministry said the highly pathogenic H5N6 strain of avian flu had been found in a poultry farm in southwestern Sichuan province. This is the first H5N6 avian flu detected from a poultry farm after four cases found in swans this year. 1,840 birds had died in the farm of 2,497. The rest have been culled. (Source: Reuters)*

> Could Farming Secure the Future of America's National Parks? *An experimental project underway at a national park in Ohio could hold the keys to protecting not only American land but the American farmer. Cuyahoga Valley National Park, about 20 miles south of Cleveland, is the only national park to lease land to farmers, and the 10 farms on its 50 square miles produce an assortment of goods, including berries, wine, eggs and lamb. Countryside Food and Farms, the local nonprofit that helped design the farming plan for Cuyahoga Valley National Park, drew from programs in Europe and came up with the initiative to lease 10 farmsteads to private farmers, who would become stewards of the land and help protect the park's cultural heritage. Although unusual for U.S. parklands, farming in the United Kingdom is considered one of the only viable and practical methods for maintaining the countryside and ensuring a stable future. In the U.S. where 419 sites are managed by the National Park Service, including monuments, recreation areas and seashores, the future of national parks appears less secure. Read more from [NBC News](#).*

> Railroad Report Shows Freight Decline Continues: *North American rail traffic continued to decline in January, with U.S. rail carloads dropping by -5.9%,*

or 73,110 carloads, year over year, according to the latest report from the Association of American Railroads (AAR). It was the 12th straight month of decline, and both major rail shipments — coal (down -13.8%) and grain (down -11.6%) — had what AAR termed "lousy Januarys," accounting for a decline of 68,790 carloads for the month. Excluding coal and grain, U.S. carloads were down just 0.6% in January, which was the smallest decline in a year. The report suggests that improved sentiment from the U.S.-China phase one trade deal and apparent Brexit resolution has yet to make its way to the bottom line. Railroads continue to see declining numbers despite the pickup in global manufacturing reports. (Source: Axios)

> U.S. Drones Scouring for Rare Earths to End Reliance on China: The U.S. is deploying drones and other technology as it scours for potential rare-earths reserves at home and abroad to wean the nation off its dependence on Chinese imports. Rare earth are elements that appear in smaller quantities throughout Earth but are essential to specialized electronics and military applications. The U.S. is basically 100% dependent on imports; 80% come from China, 6% Estonia, 3 % Japan, and 3% Malaysia. With China's supply chain tenuous, the U.S. is increasingly trying to figure out other reliable suppliers. In 2019, U.S. production of rare earths climbed +44% year over year, to 26,000 metric tons, all of which was shipped overseas for processing. At the same time, U.S. consumption rose by 13,000 tons, a +12% rise satisfied by imports. (Source: Bloomberg)

> Google Releases Tool to Spot Faked and Doctored Images: Jigsaw, a technology incubator at Google, has released an experimental platform called Assembler to help journalists and front-line fact-checkers quickly verify images. Assembler combines several existing techniques in academia for detecting common manipulation techniques, including changing image brightness and pasting copied pixels elsewhere to cover up something while retaining the same visual texture. It also includes a detector that spots deepfakes of the type created using StyleGAN, an algorithm that can generate realistic imaginary faces. These detection techniques feed into a master model that tells users how likely it is that an image has been manipulated. Assembler is a good step in fighting manipulated media—but it doesn't cover many other existing manipulation techniques, including those used for video, which the team will need to add and update as the ecosystem keeps evolving. It also still exists as a separate platform from the channels where doctored images are usually distributed, such as Facebook and Google. (Source: MIT Technology Review)

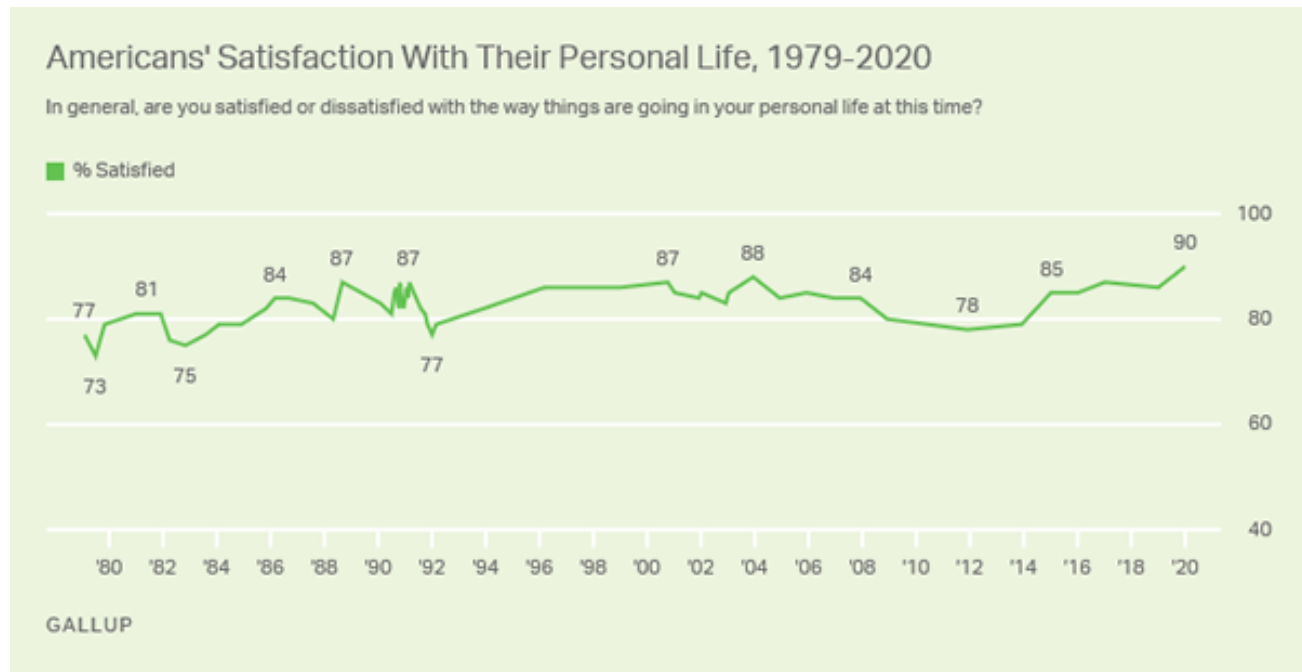
> The Great American Toy Slump: Americans are buying fewer toys in the post-Toys "R" Us era. The demise of the toy giant kicked off a war among U.S. retail titans Amazon, Target, and Walmart to vacuum up its toy sales. But the end of Toys "R" Us dealt the multibillion-dollar American toy market a blow that it still hasn't recovered from. Target and Walmart both added floor space for toys. And

Target partnered with Disney to sell exclusive products in its stores. Amazon attempted to dominate the online sale of toys. Its products topped 95% of online search results for toys in 2019, according to the research firm Gartner L2. But all that wasn't enough to revive the toy market. Toy sales fell -4% between 2018 and 2019, according to research from the NPD Group. American retailers also sold fewer toys during the 2019 holiday season. That might be partially explained by the fact that last year's peak holiday shopping season — the weeks between Thanksgiving and Christmas — was unusually short, per NPD. The American toy industry is likely to eventually bounce back, but it's a testament to the ubiquitousness of Toys "R" Us that it has temporarily dragged down the entire market. (Source: Axios)

> Coronavirus Panic is Severely Impacting American Chinese Businesses:

While the United States has only 12 confirmed cases of the new coronavirus (2019-nCoV) that was first reported in Wuhan, China, fallout from the epidemic has had a major impact in American Chinese restaurants and U.S. Chinatowns from New York to Seattle. With sudden restrictions on international travel and cancelled flights to and from mainland China, where there have been over 40,000 cases of the virus, accompanied by a rash of coronavirus panic in the U.S., these businesses are experiencing huge economic losses. Tour guides and travel agents who cater to Chinese visitors in New York City, the number one U.S. destination among Chinese tourists, tell the New York Times that their buses, hotel rooms, and restaurant tables are sitting empty. They're losing out on business from non-Chinese tourists and locals, too, as a result of xenophobia, racism, and general coronavirus panic. Read more from [Eater](#).

> New High of 90% of Americans Satisfied With Personal Life: *Nine in 10 Americans are satisfied with the way things are going in their personal life, a new high in Gallup's four-decade trend. The latest figure bests the previous high of 88% recorded in 2003. These results are from Gallup's Mood of the Nation poll, conducted Jan. 2-15, which also recorded a 20-year high in Americans' confidence in the U.S. economy. Household income, political party affiliation and marital status are associated with the largest subgroup differences in Americans' satisfaction with their personal life. Roughly 95% of Americans who live in high-income households, who identify as Republicans and who are married say they are satisfied with their personal life -- and about three in four among each of these groups are very satisfied. Meanwhile, adults in low-income households are the least likely to say they are satisfied with their life, followed by Democrats and unmarried adults. Among each of these groups, small majorities report being very satisfied. Low-income Americans hold the distinction of having the lowest percentage very satisfied. More details are available from [Gallup](#).*

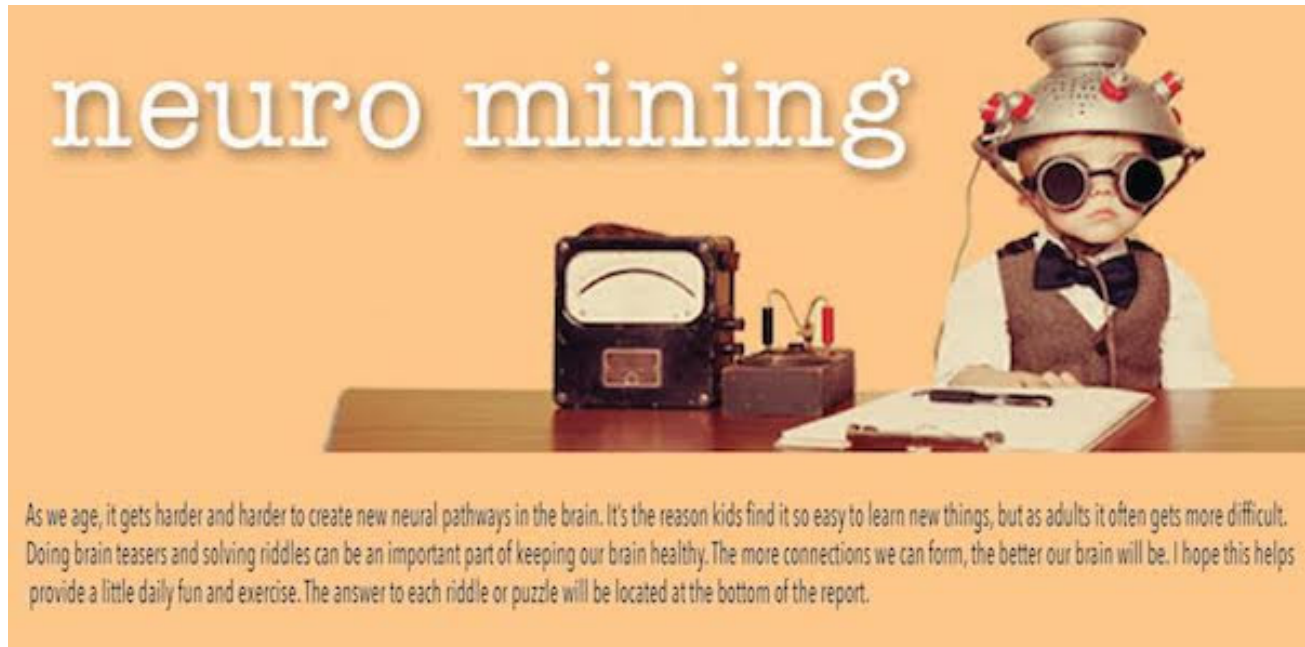


Northwest Illinois - *I'm hoping I can bring home some of the sunshine that we have enjoyed on vacation. We were fortunate to only have 150 pp acres this season and more than that, we got all the crops out of the field by Halloween. This winter we bought another field that needs some tree work done as soon as the frost is out of the ground. Yields were respectable and we made a few decent sales. Basis happens to still be decent in our area with some ethanol plants still bidding it up a bit. We will be heavier corn in 2020, around 65% vs 35% beans. I'm getting a little concerned with the forecasts for flooding again this year. I know they are struggling to make repairs in a lot of places and if the forecasters are correct, it could get worse.*

Southern North Dakota - *The combines are starting to run on a bigger scale. If the test weight hasn't moved yet, there is very little chance of it happening. The moisture has actually dropped down. What a lot of guys aren't realizing is as the snow falls in the Dakotas, the wind blows most of it off the fields and into the ditches etc. With all the corn standing the snow doesn't blow, it just sits in the fields while the outside drifts 5-6 feet tall. By the time all the snow that's just standing in these unharvestable fields melts, you will have another patch of dirt*

that is too wet to harvest. The snow is deep enough in some of the fields that combines are actually plugging.

Western Kansas - *The wheat isn't exceptional looking around here. Granted, there are good fields and there are fields that are still brown. A lot of how it looks depends on when it was planted and variety. We have barely any snow cover at this point but most guys don't think the temperatures have dropped enough to do any long-term damage. The fields should start to perk up in the next six weeks and we will have a better idea of what kind of crop we are working with.*

A graphic with an orange background. On the left, the words "neuro mining" are written in a white, typewriter-style font. In the center, there is a vintage-style electronic device with a dial and wires. To the right, a small child wearing a metal helmet with red sensors and round glasses sits at a desk, looking at a clipboard. Below the image, a paragraph of text reads: "As we age, it gets harder and harder to create new neural pathways in the brain. It's the reason kids find it so easy to learn new things, but as adults it often gets more difficult. Doing brain teasers and solving riddles can be an important part of keeping our brain healthy. The more connections we can form, the better our brain will be. I hope this helps provide a little daily fun and exercise. The answer to each riddle or puzzle will be located at the bottom of the report."

TODAY'S RIDDLE: In prison I will be found, but I'll never be in court, unless there's more than one. What am I?



ERS Releases Three Commodity Price Outlooks

USDA's Economic Research Service recently published a report examining the changes in global demand and supply factors that contributed to agricultural commodity price declines during 2014-19 as well as changes contributing to the rising trend in prices that peaked in 2007/08 and 2011/12. Additionally, the report

projects how global commodity prices and trade could change out to 2021/22 given various assumptions on key factors, such as the growth in GDP and agricultural production across countries.

Three scenarios are simulated using ERS's Country-Commodity Linked System of models, which provides estimates of supply, demand, trade, and market-clearing world prices for USDA's annual 10-year agricultural projections. These projections serve as the baseline scenario. Keep in mind, a better understanding of the factors involved and their impacts can inform and enhance both public and private decision making on issues relating to agricultural markets.

Below I thought I'd share the three scenarios cited in the report that contribute to higher or lower agricultural commodity prices and estimates of their effects on commodity markets in terms of trade. I also included some graphics and data I found very interesting in the report. I encourage everyone to read the entire report "Factors Contributing to Changes in Agricultural Commodity Prices and Trade for the United States and the World," [HERE](#). Again, lots of good data and research being provided by the USDA.

Demand Decrease Scenario: *Scenario one assumes a demand slowdown of 2.3% in GDP growth per year over 2018-19 to 2021-22 in developing and emerging economies only, based on the average annual rate of GDP slowdown experienced only in these countries during 2008-11. ERS findings suggest that this GDP slowdown would lead to commodity prices falling by an average of 4% per year, with the largest decreases for soybeans, beef, and poultry. But, despite falling prices, the volume of global trade would remain stable.*

Supply Decrease Scenario: *Scenario two uses a simulated supply-side downturn based on recent historical trends. It assumes a 3% annual decline in crop area harvested for major agricultural commodity-producing countries. Results suggest that commodity prices would increase by an average of 12% per year from 2018-19 to 2021-22, with the largest increases for corn and wheat. The report suggests the volume of global trade would decrease by an average of 2% per year under this scenario.*

Supply Increase Scenario: *Assuming a supply increase in U.S. crop area harvested by an average of 1% per year, based on average production for 2011-16, show commodity prices declining by an average of 2% per year over 2018-19 to 2021-22, with the largest drop for soybeans. Also, the average global trade volume would increase by less than 1% per year over the simulation period.*

Report Summary: *Prices for many agricultural commodities declined*

between 2014 and mid-2019, as weak global economic growth and slowing growth in biofuel mandates contributed to declining agricultural commodity demand. Additionally, the continued expansion of cropland and improved yields, coupled with declining energy and oil prices, led to higher global commodity supplies. It worth mentioning that some of these demand and supply factors moved in opposite directions during 2000-07 and 2011-12, leading to global agricultural commodity price hikes.

Appendix table 1

Summary of contributing factors to high and low periods in commodity prices over 2007-17

Factors	2007/08 and 2011/12 price spikes	Low prices starting in 2014	Demand (D)- or supply (S)- side factors
Global GDP growth	Strong, especially in China	Sluggish, including China	D
Global population growth	Modest	Modest	D
Oil price	Escalated and remained above the average long-term price of \$60 a barrel	Subsides and remains below the average long-term price of \$60 a barrel	D, S
U.S. interest rate	Rose and stayed higher	Declines and stays near 0	D, S
U.S. dollar	Weak, devaluation	Strong, appreciation	D, S
Area expansion	Limited	Extensive	S
Agricultural yield	Stable	Improving	S
Agricultural production	Grew slow	Moderate growth	S
Stocks-to-use ratio	Low	High	S
Biofuels	Rapid expansion	Limited expansion	S
Farm production costs	Rising	Falling	S
Financialization of commodities	Increasingly financialized	Slow pace of financialization	D, S

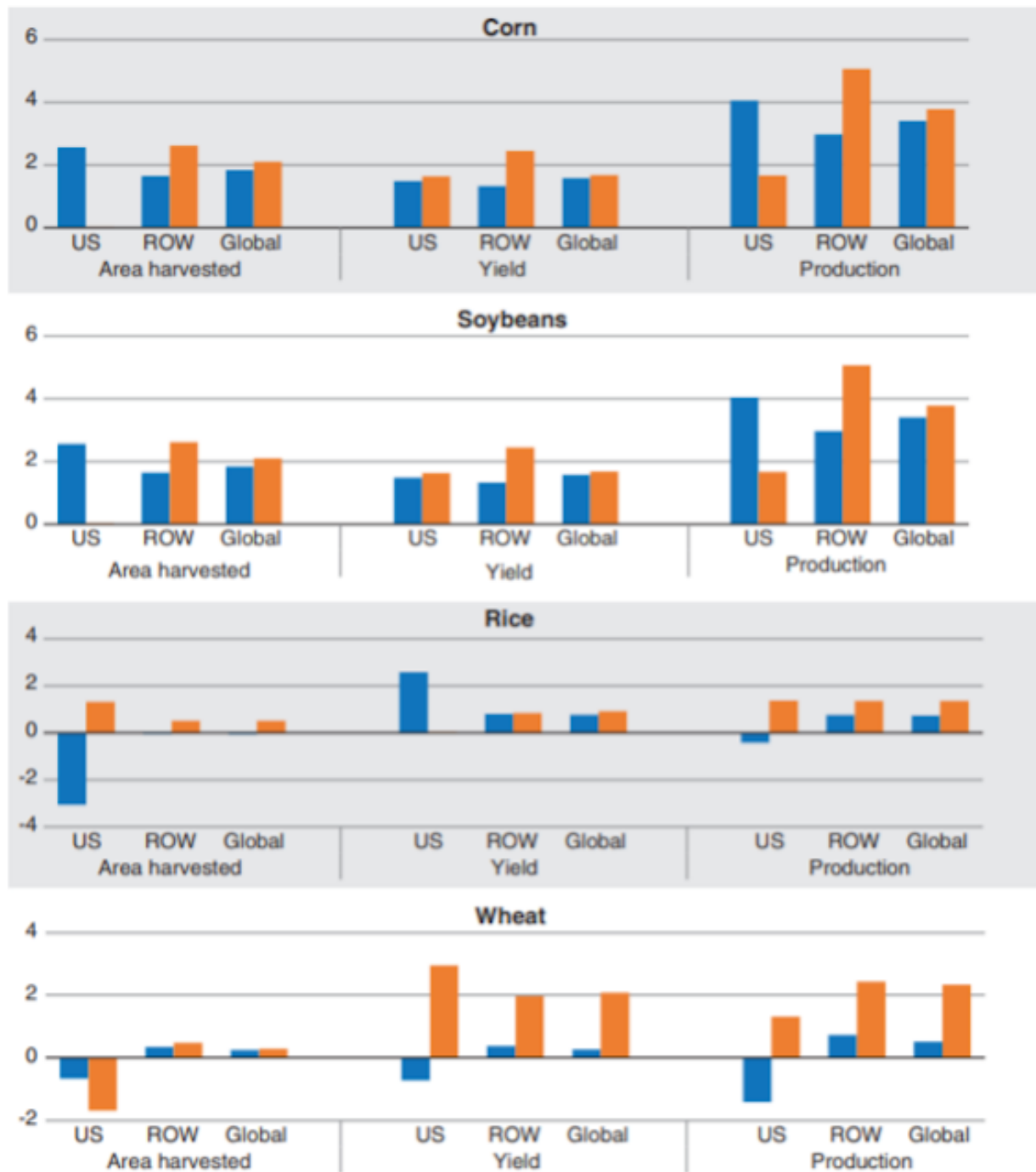
The right-hand column identifies whether the factor tends to affect price primarily through demand- (D) or supply-side (S) changes or both.

Source: USDA, Economic Research Service.

Greater area harvested and improved yield resulted in increased production in recent years

Average annual growth rates, percent

2000-07 2008-16



Note: ROW = rest of world (all countries other than the United States).

Source: USDA, Economic Research Service using data from USDA/Foreign Agricultural Service (2018a).

The growth of global biofuels production has slowed in recent years

Type of biofuels	Country/ region	Production				Average annual growth rates		
		2001	2008	2012	2016	2001-08	2008-12	2012-16
		Billion gallons				Percent		
Ethanol								
	US	1.8	9.3	13.2	15.4	24	9	4
	Brazil	3.0	7.1	6.2	7.3	12	-4	4
	EU	0.0	0.7	1.0	1.4	42	10	7
	All other	0.1	1.5	1.9	2.6	35	6	8
	Global	5.0	18.7	22.3	26.6	19	4	4
Biodiesel								
	US	0.01	0.68	0.98	1.57	62	9	12
	Brazil	0.01	0.31	0.72	1.04	49	21	9
	EU	0.29	2.27	2.61	3.35	30	3	6
	All other	0.00	0.76	2.30	3.52	73	28	11
	Global	0.30	4.02	6.61	8.36	37	12	6
Biofuels								
	Global	5	23	29	35	21	6	5

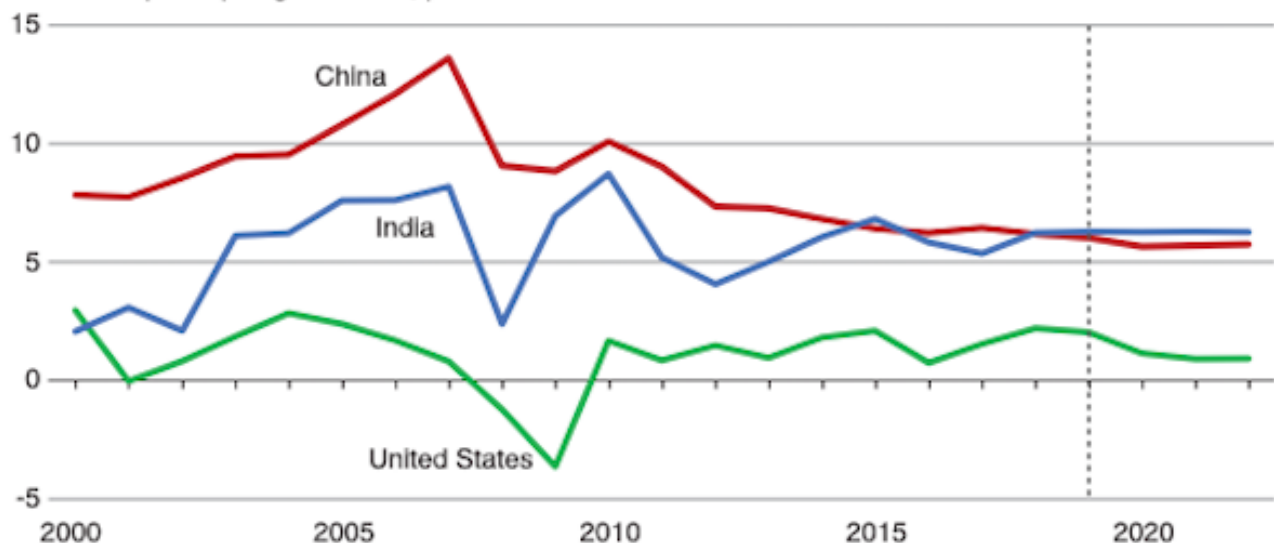
Note: Growth rates are continuously compounded.

Source: USDA, Economic Research Service using data from U.S. Department of Energy, Alternative Fuels Data Center (AFDC, 2018); U.S. Department of Energy, Energy Information Administration (EIA, 2018).

Figure 3

India surpassed China in 2019 as the world's fastest growing economy

Real GDP per capita growth rate, percent

**A Recently Found Hot Wheels Camaro Could be Worth +\$100,000**

A recently found Hot Wheels Camaro toy could be worth as much as \$100,000, according to Joel Magee, a go-to expert known for his work on the TV show Pawn Stars. Magee recently announced he's acquired the

only Redline Enamel White Hong Kong Version known to exist, although he didn't know just how rare it was at the time.

"It's hard to imagine a little toy car is worth more than a real one," Magee told Car and Driver. He added that he doesn't even know where he purchased this particular model, since he goes to so many events and buys so many collections. It was another Hot Wheels collector that tipped him off, telling him had never seen or heard of one before seeing Magee's pictures of the toy.

That led to Magee contacting Larry Wood, a.k.a. Mr. Hot Wheels, who designed the toys in the early 1970s. According to Wood, Hot Wheels had a hard time meeting demand for its little toy cars when they first became popular, which led to the company expanding production to Hong Kong. However, the toys produced in the U.S. and Hong Kong were not identical - Hong Kong cars had blue-painted windshields rather than the clear plastic ones made in the U.S.

This particular car is rare because it wasn't supposed to reach U.S. customers. The 1968 Custom Camaro was one of a handful of Enamel White prototypes for the original "Sweet 16" car that were never meant to be sold. The best guess that Magee and Wood could come up with is that this model somehow made it from Hong Kong back to the Mattel headquarters in Hawthorne, California, and run down the production line as a test. From there, it was probably mistakenly put into a standard package and sold just like any other car. Some collectors think it's also possible the car was brought home by one of the designers, who sometimes gave the prototypes to their own children, some of which have ended up in circulation.

This particular Chevy Camaro is considered one of the three most desirable Redline Hot Wheels, manufactured between 1968 and 1977. Only the Olds 442 and The Beach Bomb compare to the Camaro in rarity. "I've collected toys forever and this Hot Wheels Camaro is the Holy Grail of collectibles," said Magee. "I am beyond excited to have found it to add to my vast collection. This car is so extremely rare that there is only one known example which is this one." Magee didn't say what he paid for the toy but says it sold for just 59 cents new! For now, Magee is keeping it in his own personal collection.

If you've got a box of old Hot Wheels lying around, you might want to give them a close inspection before tossing them in the garage sale pile. Below are some of the most expensive Hot Wheels ever made. And yes, we are all kicking ourselves, I had so many Hot Wheels in the early-70s... Damn!!!

**1969 Pink, Rear-Loading Beach Bomb - \$175,000**

Widely heralded as the most collectible Hot Wheels, the Beach Bomb is a prototype that for years remained in the possession of a Mattel employee. Unique in that its surfboards load through the rear window, the Beach Bomb proved to be too narrow and top-heavy, so the design was replaced with a slightly different version. Although a few additional copies in different colors managed to slip into public hands, only two Pink versions are known to exist.

**1968 Antifreeze Over Chrome Mustang – \$40,000**

While there are many lime or "antifreeze" Hot Wheels, this is a rare antifreeze-over-chrome-finish Camaro used for advertising purposes. Made the same way as a Christmas ornament, the Camaro showed up in commercials with higher production values, and only 20 Hot Wheels cars with this special finish are known to exist.

**1968 Strawberry Over Chrome Mustang – \$40,000**

Recently purchased at an estate sale after its owner's death, this car was part of a private collection that resided with its owner in a trailer park. It's one of only two models and, like the lime green Over Chrome Camaro, was meant for advertising purposes and internal use only. How did it get from the hands of Mattel execs to a mobile home? We may never know.

**1968 Hot Pink Beatnik Bandit - \$15,000**

The Beatnik Bandit was definitely a fan favorite of the early models of Hot Wheels cars, but the hot pink model they made in an effort to appeal to girls didn't do so well. As such, the company didn't make too many and today they are quite rare, with experts estimating their value at around \$15,000.

**1971 Purple Olds 442 – \$12,000**

This 1971 Purple Olds is a Redline car and was manufactured exclusively in the Hong Kong factory. It's known among collectors to be the rarest of the Olds Hot Wheels car line and also the rarest of all production redline Hot Wheels cars as well.



Lessons We Can All Learn from Nelson Mandela

It was on this day 30 years ago (1990) that Nelson Mandela, leader of the movement to end South African apartheid, was released from prison after serving 27 years. I personally didn't know a whole lot about Mandela so just this past year I decided to take the time to learn more. Below I share an elementary overview of his story as well as a few life lessons we can all take away to improve our own lives.

So we are all on the same page... The word "apartheid" actually means "separateness", or "the state of being apart", literally "apart-hood". Most historians define "apartheid" in this case as a system of institutionalized racial segregation that existed in South Africa and South West Africa from 1948 until the early 1990s.

In 1944, Mandela, a young lawyer, joined the African National Congress (ANC), the oldest black political organization in South Africa, where he became a leader of Johannesburg's youth wing of the ANC. He was extremely smart, well respected for his kindness, and in 1952 elected national president of the ANC, advocating nonviolent resistance to apartheid. However, after the massacre of peaceful black demonstrators at Sharpeville in 1960, Nelson became part of a group that launched a violent revolution and protest in response.

Immediately following this uproar and protest of the Sharpeville massacre in 1960

the ANC was banned by the government. Mandela was then forced underground, adopting a number of disguises—sometimes a laborer, other times a chauffeur. In 1961, believing that non-violent measures would no longer be successful, Mandela and other ANC leaders formed what was known as "Umkhonto we Sizwe" (MK), a militant wing of the former ANC. Beginning in late-1961 with Mandela as its commander in chief, MK launched bombing attacks on government targets and made plans for guerilla warfare.

Mandella was arrested for treason, and although acquitted he was arrested again in 1962 for illegally leaving the country. He was convicted and sentenced to five years. He was again put on trial in 1964 on charges of sabotage. In June 1964, he was convicted along with several other former ANC leaders and sentenced to life in prison.

Mandela chose not to take the witness stand, instead making a long statement from the dock on April 20, 1964. In it, he explained the history and motives on the ANC and MK, admitting to many of the charges against him and defending his use of violence.

He concluded, "During my lifetime I have dedicated myself to this struggle of the African people. I have fought against white domination, and I have fought against black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die."

Mandela spent the first 18 of his 27 years in jail at the brutal Robben Island Prison. Confined to a small cell without a bed or plumbing, he was forced to do hard labor in a rock quarry. He could write and receive a letter once every six months, and once a year he was allowed to meet with a visitor for 30 minutes. However, Mandela's resolve remained unbroken, in turn, he became somewhat of a folk hero and the symbolic leader of the anti-apartheid movement. Many historians say it was the horrific conditions while imprisoned at Robben Island that became the crucible that transformed him.

A new government and new attitude came about in the late-1980s and in February 1990 the new President of South Africa ordered the release of Nelson Mandela. Mandela subsequently led the ANC in its negotiations with the new government for an end to apartheid and the establishment of a multiracial government. In 1993, Mandela and South Africa's President de Klerk were jointly awarded the Nobel Peace Prize. One year later, the ANC won an electoral majority in the country's first free elections, and Nelson Mandela was elected South Africa's president. Mandela retired from politics in 1999, but remained a global advocate for peace and social justice until his death in December 2013.

It was reported that Mandela had carved a poem written by William Earnest Hadley titled "Invictus" on the wall of his small prison cell. It reads as follows... A copy of this poem hangs at my home and I often reference it when times feel rough. I love hearing Morgan Freeman talking about the poem with Charlie Rose [HERE](#), the video is under 2-minutes in length and well worth the watch. (Source: Wiki; History; YouTube; Julie Spankles)

5 Life Lessons from Mandela Worth Sharing

Our failures speak volumes about our character: *When all is said and done — when the milestones of your life stretch out before your eyes — it won't be the successes that define your character. It will, as Mandela said, be the way you responded to failure and never quit. "Do not judge me by my successes, judge me by how many times I fell down and got back up again."* - Nelson Mandela

If it were easy, everyone would be doing it: *The things that are truly worth having in life are usually the hardest to come by. It's the people who persevere and push through the difficulties who ultimately accomplish what they set out to achieve. Difficulties break some men but make others!*

Knowledge is power: *Education is the most powerful weapon which you can use to change the world. Change can be met with resistance from people who fear it. Or who don't understand it. There are few things more effective as an impetus for change than knowledge — people can't fight for something if they don't understand what they are fighting for.*

We don't all have to have the same opinion: *If more people grasped this concept, the world would be an infinitely better place. We can agree to disagree. We can like different football teams. We can even have different political affiliations — and still be friends. And we'll be better for respecting and seeing the merit in perspectives other than our own. "I like friends who have independent minds because they tend to make you see problems from all angles."* - Nelson Mandela

Love Always Wins in the Long Run: *Mandela could have chosen to become bitter and carry hatred for life after being imprisoned for nearly three decades. Instead, he rose above the shackles of anger to speak out about the virtues and healing power of love and forgiveness. "No one is born hating another person because of the color of his skin or his background or his religion. People must learn to hate, and if they can learn to hate, they can be taught to love, for love comes more naturally to the human heart than its opposite."* - Nelson Mandela

I am the Captain of my Soul

*Out of the night that covers me,
Black as the pit from pole to pole,
I thank whatever gods may be
For my unconquerable soul.*

*In the fell clutch of circumstance
I have not winced nor cried aloud.
Under the bludgeonings of chance
My head is bloody, but unbowed.*

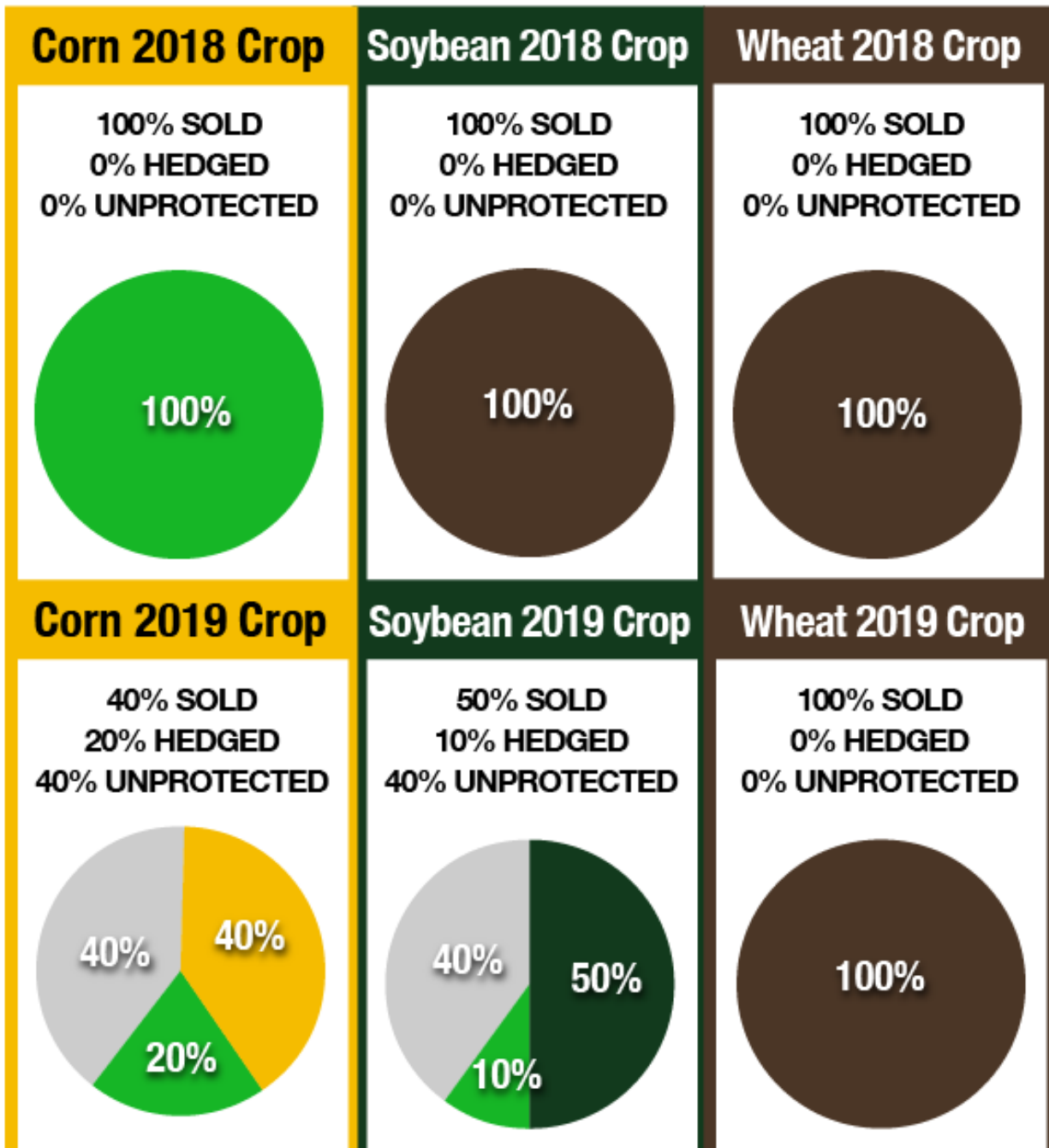
*Beyond this place of wrath and tears
Looms but the Horror of the shade,
And yet the menace of the years
Finds and shall find me unafraid.*

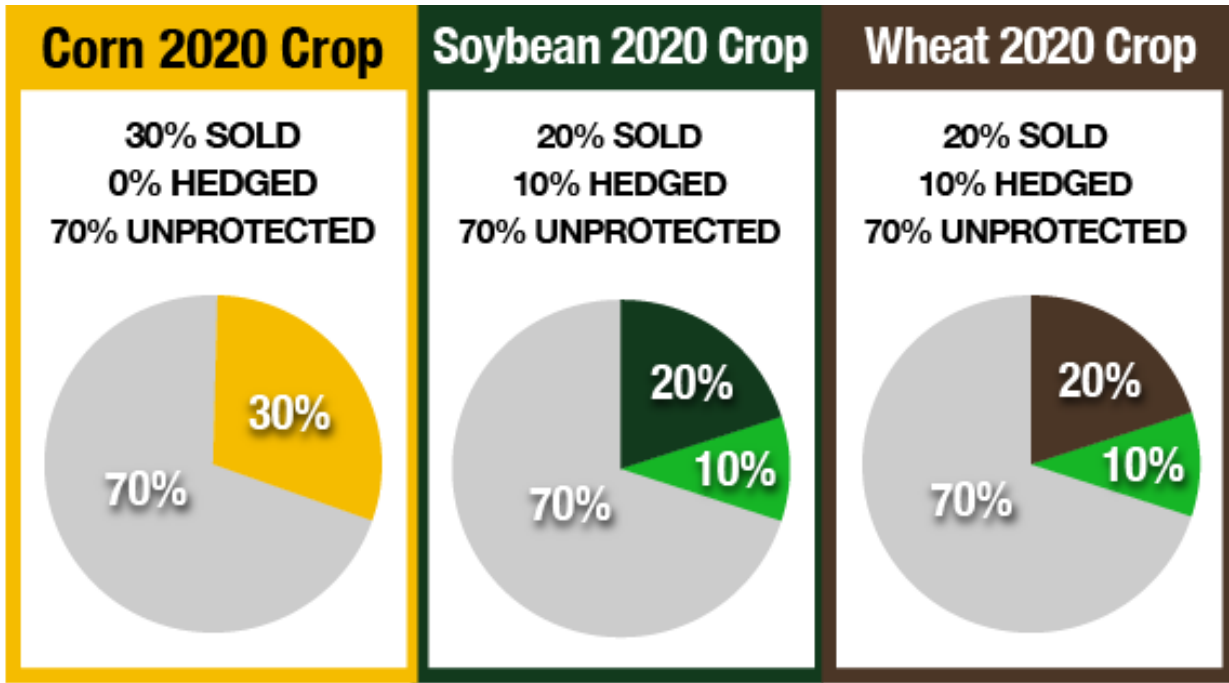
*It matters not how strait the gate,
How charged with punishments the scroll,
I am the master of my fate:
I am the captain of my soul.*

ANSWER to riddle: The letter 's'.

CASH SALES & HEDGING TOTALS

PLEASE READ The Van Trump Report is a publication intended to give analytical research to the Agricultural community. The Van Trump Report is not rendering investment or hedging advice based on individual portfolios or individual business operations. Kevin Van Trump is NOT registered as a stock or commodity advisor in any jurisdiction. You need to consult with your own registered advisor for specific strategies and ideas that are appropriate to your specific portfolio or business entity. Information included in this report is derived from many sources believed to be reliable but no representation is made that it is accurate or complete. This report is not intended, and shall not constitute, or be construed as an offer or recommendation to "buy", "sell" or "invest" in any securities or commodities referred to in this report. Rather, this research is intended to identify issues and macro situations that those invested in the agricultural industry should be aware of to help better assess and improve their own risk management skills. Please read the entire [DISCLAIMER PAGE](#) for full risk-disclosure and copyright laws.





AgSwag



Bold. Fast. Fun

Sponsored by **AgSwag**

Tired of battling poor customer service, poor quality and lack of premium selection in the swag space?

AgSwag now offers our members the latest fashions and trends from brands such as: Branded Bills, Carhartt, Champion, Cutter & Buck, Drake, Fairway and Greene, Filson, Ice Shaker, Marmot, New Era, Nike, North Face, Pacific Headwear, Under Armour, Yeti... and more

Swag should NOT be considered a "cost" or an expense for business owners. When used properly in a well thought out campaign "corporate swag" can dramatically reduce the cost of new customer acquisition, client churn and retention, expedited development of brand ambassadors, etc. The Van Trump family believes their AgSwag business can deliver on those promises.

AgSwag is not trying to be the lowest cost supplier. We are trying to partner with "best-of-practice" and like-minded businesses to bring a better "return-on-

investment" by designing and helping to implement a well thought out corporate swag strategy and campaign. There are hundreds of online companies that offer quick ways to throw a corporate logo on a cheap hat or t-shirt. AgSwag offers the best in selection, design, implementation, and service! Click [HERE](#) to learn more!

Call to order your AgSwag today @ 816-221-SWAG!

YOUR CUSTOM BUSINESS LOGOS ON THE MOST POPULAR BRANDS



AgSwag





Can't see the images? [View As Webpage](#)

This email was sent by: Farm Direction
1020 Pennsylvania Ave, Kansas City, MO, 64105 US

Privacy Policy

Update Profile

Manage Subscriptions